

SmarTone-Vodafone to implement LTE through re-use of existing, lower frequency spectrum which provides superior radio in-building coverage

Withdraws from the BWA spectrum auction

(Hong Kong, 22 January 2009) SmarTone-Vodafone today announced its plan to implement next generation wireless broadband technology, LTE (Long Term Evolution), through the re-use of its existing spectrum, providing materially higher speed, lower latency and greater capacity for broadband connectivity and high bandwidth services. Customers will also benefit from superior in-building coverage through implementation of LTE at the lower frequency spectrum.

SmarTone-Vodafone ceased to continue with the BWA spectrum auction at HK\$453 million as that had exceeded the cost difference between implementing LTE with the new spectrum and implementing LTE on existing spectrum. SmarTone-Vodafone's maximum bid price is based on the incremental value attributable to implementing LTE with the new spectrum, and the savings made upon return of existing excess spectrum to the government. As bidding for the new spectrum went beyond this maximum bid value, SmarTone-Vodafone chose instead to implement LTE on its existing spectrum.

"We will re-use part of our existing spectrum to implement LTE. This provides the greatest flexibility and the most efficient way to meet market demand for LTE as and when required, as well as maximising value for our shareholders and customers." said Mr. Douglas Li, CEO of SmarTone-Vodafone.

SmarTone-Vodafone's existing spectrum is capable of supporting business growth with HSPA and HSPA+ in the next several years, even assuming robust growth in traffic and capacity requirements. It is also confident that proven LTE equipment and devices will be widely available by the time it commences LTE implementation. SmarTone-Vodafone's implementation of LTE with existing spectrum at lower frequencies will be relatively more complex but offers the benefit of better radio in-building coverage, an important advantage in the Hong Kong cityscape. Speed, latency and capacity can be made the same as on the higher frequencies.

SmarTone-Vodafone has recently announced its world's first MIMO pilot implementation project for maximising performance and bandwidth as part of its upgrade path to even higher speed and greater capacity with both HSPA+ and LTE. HSPA+ provides a speed of up to 80 Mbps while LTE will further increase the speed to 160 Mbps.

At present, SmarTone-Vodafone's network can already support download speeds of up to 14.4 Mbps and upload speeds of up to 5.76 Mbps, delivering an Internet experience comparable with fixed broadband.

"Our decision to implement LTE through the re-use of existing spectrum makes financial sense and it's good for our customers as well as our shareholders. It underpins our long-term commitment to wireless as the most efficient medium to deliver integrated total communications to customers at home, at work and anywhere in between. This way we will continue to enhance our unique proposition of providing a better service at the best value," Mr. Li added.

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